

TEAM ACADEMY CHARTER SCHOOL, INC.

**AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS, FINANCIAL COMPLIANCE AND PERFORMANCE
FOR THE YEAR ENDED JUNE 30, 2022**

TEAM ACADEMY CHARTER SCHOOL, INC.

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June 30, 2022

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Independent Auditor's Report

To the Board of Trustees of
TEAM Academy Charter School, Inc.:

Report on the Financial Statements

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of TEAM Academy Charter School, Inc. (the Charter School), in the County of Essex, State of New Jersey, as of and for the year ended June 30, 2022, and have issued our report thereon dated February 6, 2023.

As part of our audit, we performed procedures required by the New Jersey Department of Education and the findings as results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of TEAM Academy Charter School, Inc.'s management, Board of Trustees and the New Jersey Department of Education. However, this report is a matter of public records and its distribution is not limited.

AAFCPAs, Inc.

Westborough, Massachusetts
February 6, 2023

Matthew T. McGinnis, C.P.A.
Public School Accountant
PSA #20CC04260100

ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, the activities of the Board of Trustees and the records of the various funds under the auspices of the Board of Trustees.

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

Fire insurance coverage was carried in the amounts as detailed in Exhibit J-20, Insurance Schedule, contained in the Charter School's Annual Comprehensive Financial Report (ACFR).

Official Bonds

<u>Name</u>	<u>Position</u>
Steve Small	Treasurer
Terry Brown	Assistant Business Administrator

There is a Public Employee's Faithful Performance Blanket Position Bond Policy covering all other employees with multiple coverage of \$25,000.

School Leaders Errors and Omissions Liability insurance was carried for all members of the Board of Trustees with coverage for each wrongful act of \$3,000,000.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls were approved by the designee in the Charter School and were certified by the President of the Board of Trustees and the School Business Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the General Fund.

Payrolls were delivered to the Secretary of the Board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

Reserve for Encumbrances and Accounts Payable

A review of outstanding payables was made as of June 30, 2022, for proper classification of orders for accounts payable. No discrepancies were noted.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A23A-23A-16(f)* as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and state single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A23A-8.3*. As a result of the procedures performed, no transaction error was noted.

SCHOOL PURCHASING PROGRAMS

Board and Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary did not disclose any new exceptions during the year.

Our review of the records of the Treasurer did not disclose any new exceptions during the year.

Student Body Activities

Our review of the student activities funds did not disclose any new exceptions during the year.

Contracts and Agreements Requiring Advertisements for Bids

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and school contracts in general is available on the website:
<http://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>.

The bid thresholds in accordance with *N.J.S.A. 18A:18A-2* and *18A:18A-3(a)* are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under *N.J.S.A. 18A:39-3* is \$20,200 for 2021-22.

The District Board of Education/Charter School Board of Trustees has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of *N.J.S.A. 18A:18A-4*.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per *N.J.S.A. 18A:18A-5*.

SCHEDULE OF AUDITED ENROLLMENTS

Enrollment Counts and Submissions to the Department

Our audit procedures included test of information reported on the October 15, 2020, and the last day of school for on-roll, special education, English Language Learners (ELL) and low-income. We also performed a review of the Charter School's procedures related to its completion. The Charter School maintained adequate written procedures for the recording of student enrollment data. The results of our procedures are presented in the Schedule of Audit Enrollments. No exceptions noted.

SCHEDULE OF AUDITED ENROLLMENTS (Continued)

School Food Service

Public Health Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency all Public, Charter, Non-Public schools were ordered to close effective as of March 18, 2020, for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to eligible students during the period of school closures. Governor Murphy's emergency declaration ended on June 4, 2021; however, the United States Department of Agriculture's Federal waiver continued through June 30, 2022. Food Service Agencies operated under this Federal waiver.

As a result, SFAs were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO). SFAs could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices. SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A.18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations. No exception noted.

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all Free and Reduced Price meal eligible students during the emergency.

The school food service program was not selected as a major Federal or state program. However, the program expenditures exceeded \$100,000 in Federal support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exception noted.

We also inquired of school management as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exception noted.

There was no non-program food purchased, prepared, sold, or offered for sale.

We inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations. We also inquired if the Food Service Management Company (FSMC) received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA. Schedule of Meal Count Activity is not a required presentation where the School Food Service Program has not been audited as a major program.

Net cash resources did exceed three months average expenditures.

Teachers' Pension and Annuity Fund Reimbursement

Our audit procedures included a test of reimbursement forms filed with the Department of Education for charter school employees who are members of the Teachers' Pension and Annuity Fund. No exceptions noted.

SCHEDULE OF AUDITED ENROLLMENTS (Continued)

Teachers' Pension and Annuity Fund Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Reports for all Federal awards for the school district (or charter school or renaissance school project) to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district (or charter school or renaissance school project) for those employees whose salaries are identified as being paid from Federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and/or state that no exceptions were noted.

Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the ACFR. This section of the ACFR documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary Education Act as amended. No exceptions noted.

Other Special Federal and/or State Projects

The Charter School's Special Projects were approved as listed on Exhibit E-1 located in the ACFR.

Our audit of the Federal and state funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the ACFR. This section of the ACFR documents the financial position pertaining to the aforementioned special projects.

MISCELLANEOUS

Testing for Lead of All Drinking Water in Educational Facilities

The Charter School adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The Charter School submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

FOLLOW-UP ON PRIOR YEAR FINDINGS

In accordance with government auditing standards, our procedures included a review of the prior year findings. No recommendations were reported in the prior year.

ACKNOWLEDGEMENT

We received the complete cooperation of all the officials of the Charter School and we greatly appreciate the courtesies extended to the members of the audit team.

TEAM ACADEMY CHARTER SCHOOL, INC.

Audit Synopsis Recommendations
June 30, 2022

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
Not applicable
3. School Purchasing Program
None
4. School Food Service
None
5. Student Body Activities
Not applicable
6. Application for State and School Aid
None
7. Pupil Transportation
Not applicable
8. Facilities and Capital Assets
Not applicable
9. Miscellaneous
Not applicable
10. Status of Prior Year's Findings and Recommendations
Not applicable

TEAM ACADEMY CHARTER SCHOOLS, INC.
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF OCTOBER 15, 2021

Grades	Submission to DOE reported On Roll	Sample												
		Reported on workpapers	Verified signed registration forms	Errors	Verified # days enrolled	Errors	Special Ed/ Bilingual	Verified documentation	Errors	Verified # days Service Provided	Errors	Low Income	Verified documentation	Errors
Kindergarten	533	267	267	0	267	0	36	36	0	36	0	470	470	0
One	642	321	321	0	321	0	64	64	0	64	0	572	572	0
Two	581	291	291	0	291	0	74	74	0	74	0	528	528	0
Three	482	241	241	0	241	0	50	50	0	50	0	443	443	0
Four	476	238	238	0	238	0	66	66	0	66	0	432	432	0
Five	559	280	280	0	280	0	78	78	0	78	0	505	505	0
Six	455	228	228	0	228	0	71	71	0	71	0	418	418	0
Seven	470	235	235	0	235	0	77	77	0	77	0	422	422	0
Eight	352	176	176	0	176	0	50	50	0	50	0	305	305	0
Nine	345	173	173	0	173	0	56	56	0	56	0	308	308	0
Ten	332	166	166	0	166	0	67	67	0	67	0	301	301	0
Eleven	308	154	154	0	154	0	55	55	0	55	0	281	281	0
Twelve	199	100	100	0	100	0	32	32	0	32	0	172	172	0
Total	5734	2870	2870	0	2870	0	776	776	0	776	0	5157	5157	0
Percentage				0%		0%			0%		0%			0%

TEAM ACADEMY CHARTER SCHOOLS, INC.
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF THE LAST DAY OF SCHOOL

Grades	Submission to DOE reported On Roll	Sample												
		Reported on workpapers	Verified signed registration forms	Errors	Verified # days enrolled	Errors	Special Ed/ Bilingual	Verified documentation	Errors	Verified # days Service Provided	Errors	Low Income	Verified documentation	Errors
Kindergarten	563	282	282	0	282	0	36	36	0	36	0	470	470	0
One	656	328	328	0	328	0	64	64	0	64	0	572	572	0
Two	599	300	300	0	300	0	74	74	0	74	0	528	528	0
Three	484	242	242	0	242	0	50	50	0	50	0	443	443	0
Four	481	241	241	0	241	0	66	66	0	66	0	432	432	0
Five	575	288	288	0	288	0	78	78	0	78	0	505	505	0
Six	466	233	233	0	233	0	71	71	0	71	0	418	418	0
Seven	482	241	241	0	241	0	77	77	0	77	0	422	422	0
Eight	362	181	181	0	181	0	50	50	0	50	0	305	305	0
Nine	351	176	176	0	176	0	56	56	0	56	0	308	308	0
Ten	336	168	168	0	168	0	67	67	0	67	0	301	301	0
Eleven	313	157	157	0	157	0	55	55	0	55	0	281	281	0
Twelve	203	102	102	0	102	0	32	32	0	32	0	172	172	0
Total	5871	2939	2939	0	2939	0	776	776	0	776	0	5157	5157	0
Percentage				0%		0%			0%		0%			0%

NET CASH RESOURCE SCHEDULE

**Net Cash Resources did/did not exceed Three Months of Expenditures
Proprietary Funds - Food Service
Fiscal Year Ended June 30, 2022**

<u>Net Cash Resources:</u>			<u>Food Service B - 4/5</u>	
CAFR	*	Current Assets		
B-4		Cash & Cash Equiv.	\$ 1,159,033	
B-4		Accounts Receivable	1,083,530	
CAFR		Current Liabilities		
B-4		Less Accounts Payable	(313,004)	
B-4		Less Due to Other Funds	<u>(564,333)</u>	
		Net Cash Resources	<u>\$ 1,365,226</u>	(A)

Net Adj. Total Operating Expense:

B-5		Tot. Operating Exp.	<u>\$ 4,444,924</u>	
		Adj. Tot. Oper. Exp.	<u>\$ 4,444,924</u>	(B)

Average Monthly Operating Expense:

		B / 10	<u>\$ 444,492</u>	(C)
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Three Times Monthly Average:

		3 X C	<u>\$ 1,333,477</u>	(D)
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TOTAL IN BOX A	1,365,226
LESS TOTAL IN BOX D	(1,333,477)
NET	31,749

From above:

**A is greater than D, cash exceeds 3 X average monthly operating expenses.
D is greater than A, cash does not exceed 3 X average monthly operating expenses.**

* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form